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In This Issue

GRASS AND LEGUME SEED SUPPLIES ARE MORE THAN AVERAGE

With spring just around the corner, it's time to take a look at the supply of 21 grass and legume seeds, especially this year with the talk of a possible "soil bank" plan.

If the entire available supply of the 21 grass and legume seeds were sown in 1955–56, there would be enough seed to sow nearly 83 million acres and still leave a carryover of each seed equal to the smallest carryover during the last 10 years. Last season, there were almost 52 million acres sown.

Because all the seed of certain kinds or varieties would not be suitable for sowing in some sections, or if suitable, might not arrive on farms in time for sowing this spring, actually not more than 16 million acres above the average of 57.5 million acres might be sown.

Wholesale prices of grass and legume seeds during the first week of February averaged about 35 percent lower than last year and 31 percent below the 1950–54 spring average.

With the current lower prices for grass and legume seeds and incentives to sow these seeds for grasslands instead of to crops for which burdensome surpluses now exist, consumption of grass and legume seeds this

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spring is expected to be larger than usual.

These factors presage the smallest carryovers of many of these seeds in a number of years, with prospects of higher prices next year if present price levels of other agricultural products are maintained.

As the spring season opens, supplies of the 21 grass and legume seeds are in largest supply relative to average requirements for alfalfa, ryegrass, Sudangrass, lespedeza, tall fescue, timothy, and Kentucky bluegrass.

On the other hand, supplies are shortest for redtop, sweetclover, crested wheatgrass, white clover, and smooth brome. But if imports of sweetclover and smooth brome from Canada after January 31 are as large as expected, supplies of these seeds will exceed average requirements.

The supply of these 21 seeds for planting during the 1955–56 season—made up of the 1955 production, carryover last June 30, and imports from July 1, 1955, to January 31, 1956—totals 1.1 billion pounds. This supply is about a fourth larger than last year and a fifth more than the 1950–54 average. The latter periods include imports for 12 months instead of the 7 months for the current season's supply.

Imports of these grass and legume seeds from Canada between July 1, 1955, and January 31, 1956, were approximately 27 million pounds. It is estimated that another 20 million pounds were available for export from that country after January 31, or enough to sow about 2 million acres.

An estimated 57.2 million acres were planted annually in the United States between the fall of 1949 and the spring of 1954 with seed of the 21 grasses and legumes covered by Crop Reporting Board estimates.

Alfalfa

The supply of alfalfa seed for sowing during the 1955–56 season is 269.3 million pounds, largest on record. It is more than ample to take care of the expected increased demand. Currently, prices of this seed are about a third lower than last year and only about half the 1950–54 average. Because prices of this seed are much lower than those for red clover, much alfalfa is expected to be substituted for red clover.

Red Clover

Although red-clover seed prices are a third lower than last year's record high prices, they are about average and are relatively high compared with those of alfalfa. Domestic disappearance is expected to be less than average due in part to the below-average supply and competition with alfalfa.

Alsike Clover

Supply of alsike-clover seed is about average and only a little smaller than last year. Canada's supply is much above the 5-year average, but further large exports to the United States at a duty of 6 cents a pound seem unlikely.

Sweetclover

Currently the supply of sweetclover seed is a little smaller than last year. Additional imports from Canada will bring the supply above that of last year but still much below average. Prices are about a fourth lower than last year and 10 percent below average.

White and Ladino Clover

Supply of white clover only about equals an average disappearance,

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Editor: Jack L. Flowers

Assistant Editor: Marcelle Masters

whereas the supply of Ladino clover is about three times an average disappearance. White-clover prices are a little above average while Ladino-clover prices are only about half of the average price.

Lespedeza

Supply of lespedeza seed is more than twice as large as last year, and nearly 10 percent above average. The low prices prevailing for this seed are expected to stimulate consumption, but even so the supply appears to be more than adequate.

Timothy

Supply of timothy seed is a little below average, but still well above an average requirement. Furthermore, this country could tap Canada for several million pounds more because of the record crop there in 1955.

Orchardgrass

Although supply of orchardgrass seed at the end of January was about 3 million pounds less than average, it exceeded the average domestic disappearance by 1.5 million pounds. Denmark, chief source of imports of this seed into the United States, still has several million pounds available for export to the United States as there is more than enough of this seed in Europe to satisfy European requirements.

Redtop

Supply of redtop seed is very much below average and also much below the average domestic disappearance. But because of the sharp decline in consumption during the last few years, the current supply, although very small, appears adequate for prospective 1955–56 requirements.

Bluegrass

Although the 1955 Merion bluegrass seed crop did not turn out so well as expected, whereas the reverse was true in the case of Kentucky bluegrass, there appears to be a small surplus of this seed. The surplus of Kentucky bluegrass, however, is large, but with prices a fourth below average a larger consumption than during the last 2 years is anticipated.

Fescues

Supplies of red and tall fescues are smaller than last year, while supply of Chewings is slightly larger. But compared with the average, the current supply of each is much larger and is more than twice the average consumption. Prevailing low prices, which are only a third to a half of the average, are expected to stimulate consumption of these seeds.

Bentgrass

There is more than enough bentgrass seed at prices a fifth below last year and a third below average.

Brome and Crested Wheatgrass

Without imports of smooth brome and crested wheatgrass seed from Canada, there would not be enough of these seeds to meet average requirements. The 1955 crop of brome in Canada was about a fourth below average, but the crested wheatgrass crop was nearly 1½ times an average (1949–53) crop. Relatively high prices of these seeds are expected to decrease consumption.

Sudangrass

With a record high 1955 production and about an average carryover, the current supply of Sudangrass seed is more than twice as much as is used on an average, so there is likely to be a large carryover of this seed even at prices a fourth below average.

Ryegrasses

The supply of common ryegrass is twice as large as the average disappearance and that of perennial is nearly three times the average disappearance. But because of the high prices of other grasses in recent years, consumption of ryegrass seed in lawn mixtures has increased considerably. This year, however, prices of some of the other lawngrasses have dropped more from the average than have the ryegrasses. This might affect the demand for the latter.

George C. Edler
Agricultural Estimates Division, AMS

Seed Supplies and Acreage

Kind of seed	Total supply [1]			Rate of sowing	Acres sown or could be sown		
	Average 1949–50—1953–54	1954–55	1955–56		Average 1949–50—1953–54 [2]	1954–55 [2]	1955–56 [3]
	Mil. pounds	*Mil. pounds*	*Mil. pounds*	*Pounds*	*Mil. acres*	*Mil. acres*	*Mil. acres*
Alfalfa	167. 5	222. 1	269. 3	14	8. 8	11. 1	18. 8
Red clover	134. 3	91. 1	101. 3	10	10. 0	6. 7	9. 4
Alsike clover	18. 9	19. 7	18. 3	7	1. 9	2. 0	2. 5
Sweetclover	85. 5	66. 9	66. 5	12	5. 6	4. 7	5. 2
White clover	7. 1	4. 6	5. 6	4	1. 4	. 9	1. 3
Ladino clover	16. 2	19. 9	16. 2	3	1. 8	2. 3	5. 3
Lespedeza	162. 8	87. 1	175. 6	15	9. 7	5. 4	11. 6
Total 7 legumes	592. 3	511. 4	652. 8	------	39. 2	33. 1	54. 1
Timothy	54. 7	48. 5	52. 9	8	4. 8	5. 0	6. 4
Orchardgrass	17. 6	14. 0	14. 7	10	1. 3	1. 1	1. 5
Redtop	10. 0	3. 9	4. 6	5	1. 2	. 6	. 8
Kentucky bluegrass	24. 7	22. 3	30. 7	12	1. 5	1. 2	2. 5
Merion bluegrass	------	. 9	1. 1	10	------	. 1	. 1
Chewings Fescue	5. 6	10. 3	10. 7	18	. 2	. 4	. 6
Red fescue	5. 8	16. 1	12. 4	18	. 2	. 6	. 7
Tall fescue	32. 2	46. 4	45. 4	15	1. 4	1. 6	3. 0
Bentgrass	3. 2	5. 0	5. 5	5	. 4	. 7	1. 0
Smooth brome	27. 0	28. 2	21. 4	16	1. 3	1. 1	1. 3
Crested wheatgrass	4. 5	3. 5	2. 9	6	. 6	. 4	. 5
Sudangrass	49. 9	51. 4	94. 9	20	2. 1	2. 3	4. 6
Common ryegrass	74. 2	113. 7	126. 7	25	2. 5	2. 9	4. 8
Perennial ryegrass	15. 2	24. 7	31. 6	25	. 5	. 8	1. 2
Total 14 grasses	324. 6	388. 9	455. 5	------	18. 0	18. 8	29. 0
Grand total 21 crops	916. 9	900. 3	1, 108. 3	------	57. 2	51. 9	83. 1

[1] Includes production during current year plus carry-over plus imports for 12 months beginning with July 1 of current year and ending with June 30 of following year, except 1955–56 total supply includes imports for only 7 months (July 1, 1955–Jan. 31, 1956).

[2] Based on estimated domestic disappearance and rate of sowing given in 4th column.

[3] Based on total supply shown in column 3 less smallest carry-over 1946-55 and rate of sowing in 4th column.

Outlook

Prices of farm products have increased from the 1955 low reached in December. Domestic demand for food and other farm products continues high. Retail food prices in the final months of 1955 averaged slightly below a year earlier. But the marketing margin, for distributing and processing food, averaged higher and the farmers' share of the retail cost of food was estimated at 38 percent in December compared with 42 percent a year earlier.

Exports

Exports of U. S. farm products in 1955 are estimated at 5 percent above 1954 in both quantity and value. Most of this increase was the result of U. S. Government export programs, and a large part was from CCC holdings. During 1956, a significant part of our agricultural exports will continue to move under these programs.

Under a new credit sales program, announced on February 7, agricultural commodities owned by CCC and tobacco pledged to CCC under price support programs will be offered for sale for export on credit extended by CCC. Heretofore, except for barter transactions, CCC policy has been to sell for cash.

Dairy

Milk production, which began 1956 with a new record high for January, promises to set a new high for the year as a whole. With continued large production of milk on farms, prices to farmers for milk and butterfat probably will continue close to the support levels. The quantity of dairy products consumed in 1956 is expected to show about the same increase over 1955 as production.

Eggs

Although wholesale egg prices in mid-February were lower than a year earlier, in recent months they have been above a year earlier. This, as well as lower feed prices than a year ago, is a factor in farmers' intentions, as of early February, to raise 3 percent more replacement chicks than the record low of 524 million in 1955. Hatchery reports to date indicate that these intentions may be considerably exceeded. If so, egg production in the last half of 1956 will exceed production in the same period of 1955.

Turkeys

Several USDA reports suggest that the turkey industry is moving toward a 1956 output of heavy turkeys consistent with farmers' intentions in January to buy 14 percent more poults than a year earlier. Farmers intended in January to raise 16 percent fewer light-breed turkeys than in 1955.

Fats and Oils

Soybean prices in mid-February were well above support, reflecting record crushings and exports. A substantial part of the heavy crushings is due to a strong export demand for edible vegetable oils. Flaxseed prices also are above support, primarily because of a strong world demand. Lard prices increased sharply during February but are still well below prices of edible oils.

Feeds

Prices received by farmers for corn in mid-January averaged 42 cents below the 1955 support level, and much more corn is going under price support than in 1954–55. Prices of oats, barley, and sorghum grains also are substantially lower than a year ago, but have advanced to near the 1955 supports.

Stocks of the four feed grains in all positions on January 1 totaled 116 million tons, 8 percent larger than last year, and the largest on record, either in total or per animal unit.

Tobacco

Consumption of cigarettes and cigars increased from 1954 to 1955 and further gains seem likely this year.

CATTLE AND HOG NUMBERS UP AGAIN— MEAT OUTPUT TO CONTINUE LARGE

For several years livestock numbers and production have been on an uptrend. This January 1 the inventory of all meat animals reached a new postwar high, up 2 percent from January 1955 and 18 percent from January 1949.

Cattle numbers were a record 97.5 million this January. Their increase during 1955 was 873,000 head. Their 7-year rise since 1949 amounted to almost 21 million head—a very substantial cyclical expansion.

Hog numbers were up 9 percent this January from last. Only sheep numbers showed a decrease. And it was small—only 1 percent.

Increase in Slaughter Stock

All the increase in livestock numbers was in slaughter stock. Breeding stock inventories were unchanged or reduced slightly. This has much meaning to the outlook. It means that meat animal production seems due eventually to level out. It also indicates that slaughter will first continue at a very heavy rate.

In cattle, nearly all the inventory increase consisted of beef calves and steers. The former rose 321,000 head over last year, the latter 1.2 million. These are classes that are due for slaughter in 1956. Inventories of pigs under 6 months of age were up 12 percent. These are fall pigs and are to be slaughtered by mid- to late summer of 1956. Only slaughter lamb numbers were down: Lambs on feed this January were off 8 percent from a year before.

The number of cows on farms was almost exactly the same as last year. Milk cows were down slightly, beef cows up slightly. The inventory of milk heifers and calves decreased 3 percent. The beef heifer inventory also fell 3 percent. Since more heifers were on feed this January than last, it seems clear that replacement rates for breeding herds have slowed.

The number of sows and gilts was down 2 percent, reflecting farmers' plans for a small cut in spring farrowings.

Even sheep conformed to the same pattern. The number of ewes and ewe lambs on farms was almost identical this January with last. And here again there was a decrease in young replacement stock.

While the ending of past expansion in breeding herds promises a later halt to meat output, the productivity of cow, sow, and ewe herds is exceptionally high. The 1955 calf crop was record large. The number of pigs saved per sow has been rising for many years, and the number of lambs per 100 ewes has increased the last few years.

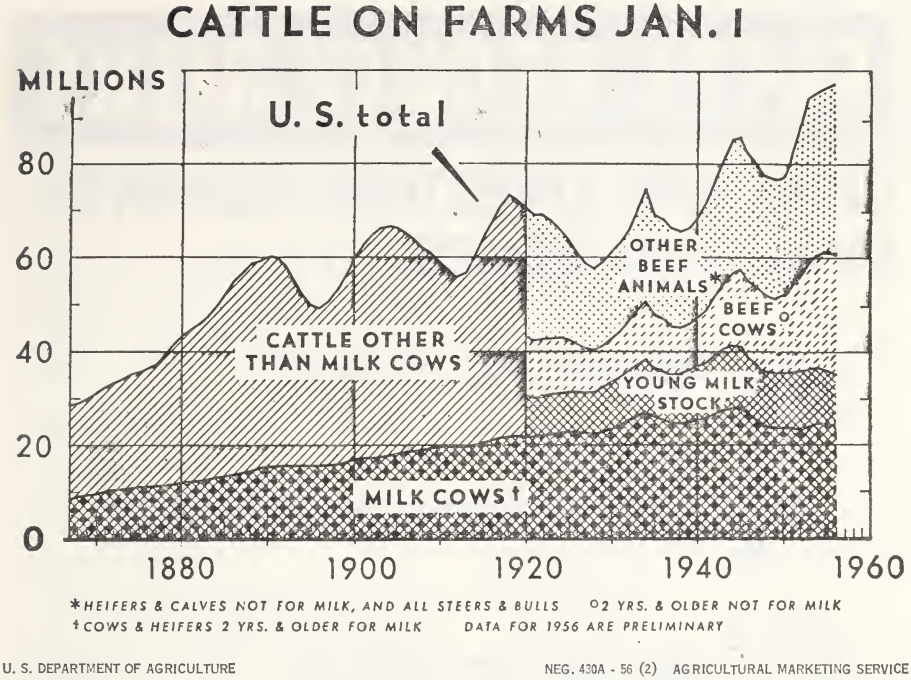
Since more calves and steers are on farms, more steers will likely be slaughtered this year than last. Fed steer slaughter will continue large. Slaughter of grass steers will doubtless increase.

In January, 33 percent more slaughter steers than a year before were received at 7 markets. For the Choice and Prime grades the increase was 49 percent, indicating that much of the added supply was of long-fed heavy steers carried over from last summer and fall.

Earlier Marketing

The back-log of long-feds will disappear fast. But new-season fed cattle will come to market in increasing numbers in weeks ahead. They will be marketed earlier this year than last because they went on feed earlier and heavier, and because many feeders will strictly avoid repeating last year's experience of keeping fed steers too long.

The prospect is, therefore, for marketings of fed steers and heifers to stay high for a while, then to drop below their 1955 rate sometime later this year. Accordingly, while price trends for fed cattle may be somewhat variable this spring, with only modest lasting gains, a seasonal price recovery is still likely



later this year. Exact trends will depend on what is done with the steers and calves not yet on feed. Many will go into feedlots, contributing to the supply of fed cattle later this year. But many will go to slaughter as grass steers and heifers, or as no more than half-feds. One development to be expected is greater price strength for high than for low grade stock this fall than last and for a wider price spread between grades. The spread was unusually narrow last fall.

Slaughter of hogs this spring also will be large. It will be up from last year because the 12 percent more pigs saved last fall will be marketed then. Producers planned a 2 percent reduction in spring farrowings. If they carry out their plans, fall supplies of hogs will be down a little from last year. Indications are that farrowings may be even earlier this spring than last. Marketings may also be earlier. Hog slaughter therefore is more likely to drop below last year's rate in late fall than in previous months.

Prices of hogs are expected to rise during late spring and early summer, and to decline in the fall, as they usually do. They are also expected to creep toward last year's prices. According to the prospective trend in supply, prices seem more certain to regain last year's level late in the year than at any other time. A repetition of last December's $10.00 prices does not seem probable.

Since more slaughter cattle and hogs were on hand at the beginning of the year, the 1956 output of meat seems likely to surpass last year's record high. Consumption per person also may edge a bit higher. Last year's rate of 161 pounds was second only to the 163-pound record set in 1908. Consumption in 1956 bids to threaten that record.

The supply of pork and of beef for consumption are each expected at least to repeat last year's averages, and may exceed them slightly. Most or all the increase in consumption will be in the first half of the year.

Harold F. Breimyer
Agricultural Economics Division, AMS
A. V. Nordquist
Agricultural Estimates Division, AMS

FACTS REDUCE RISKS

CROP AND LIVESTOCK REPORTS HELP YOU DECIDE . . . . . .

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LIVESTOCK BREEDING PLANS

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STORAGE NEEDS

Your Crop and Livestock Reporting Service

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

A Look At Other Farmers' Plans May Help You To Decide What To Grow On Your Own Farm

When you farmers read or hear a report from the Department of Agriculture saying how much corn, wheat, potatoes, and so on farmers "intend" to plant, it's really worth thinking about.

Your Crop Reporting Service issued a report on March 16 of "prospective" plantings for 1956. This is popularly referred to as the March Intentions Report.

More? Or Less?

Would it sound strange to you if we said farmers may plant less—or more—corn, wheat, and so on than the number of acres indicated in this March Intentions Report?

Well, that's the way it can turn out. Fact is, the real value of this report is to let each individual farmer know the thinking and tentative plans of all the farmers.

Then, if a farmer thinks he would be better off shifting partially to another crop, he has the opportunity to decide for himself what is the thing to do.

Yes, perhaps you might want to take another look at the prospective plantings for 1956 as indicated by reported intentions for corn, durum wheat, other spring wheat, oats, barley, flaxseed, rice, all sorghums, potatoes, sweetpotatoes, tobacco, dry edible beans, dry field peas, soybeans, peanuts, sugar beets, and acreage of hay for harvest.

Whether you get information about production of crops and livestock direct from your State statistician, your county agent, or from a newspaper or radio, just remember that these facts come from your Crop and Livestock Reporting Service.

This service is rendered farmers by the U. S. Department of Agriculture, usually with the cooperation of the State department of agriculture or the State agricultural college.

But before these reports, which cover about 150 commodities, can be issued, the information comes first from some 600,000 experienced farmers and ranchers in the 48 States who are crop or livestock reporters.

Information is also furnished by local merchants, ginners, mills, elevators, warehouses, hatcheries, dairy plants, and meat packers.

Farmers are better able to anticipate the prospective supply and probable demand when they keep up with the information made available by the Crop Reporting Service.

Livestock reporting service includes reports on breeding intentions, inventories on specific dates, and livestock births, all of which are reports emphasizing prospective supplies. Such reports may cover the short-run or long-run prospects.

When you use a crop report, you should think of it just as you do when you make out your own report—or when you farmers who do not report, estimate your own crop.

Use the Reports

Remember, the forecast or estimate from the U. S. Department of Agriculture is a summary of the best opinions of a large number of farmers on the date to which the report refers.

The Crop Reporting Service is proud of its voluntary group of farmers who report regularly. You farmers and ranchers can get free reports covering such items as acreage, yield, production, and prices of field and orchard crops; numbers and value of livestock; quantity and value of livestock products; and prices paid by farmers for their supplies and for labor.

If you are already getting these reports, perhaps you will want to study them a little closer. If you're not getting them, write to your State Agricultural Statistician.

R. K. Smith, Vice Chairman
Crop Reporting Board, AMS

MORE DAIRY FARMERS RECEIVE HELP IN SPECIAL MARKETING PROGRAMS

Dairy farmers can meet dealers openly at public hearings designed to create special marketing programs which help dairymen get specified prices for different classes of milk sold in particular markets.

Farmers selling milk in 65 marketing areas throughout the country now use the Federal milk marketing order plan. In 1949, milk was being supplied to only 33 markets under Federal milk marketing orders.

At Farmers' Request

Federal milk marketing orders are issued only for markets in which dairy farmers request the program. Before an order may be issued, it must be approved by at least two-thirds of the dairy farmers affected by the order.

Fresh milk moves daily from farmers through local assembly plants and on to city processing and distributing plants. Any interruption in this daily schedule for this highly perishable product would impair its value. Because of the nature of the product, it is impossible for farmers to bargain for the price to be paid for each delivery.

Dairy farmers through their cooperatives have developed in most fluid milk markets orderly systems of pricing which are negotiated by the cooperatives with wholesale milk buyers.

Most milk marketed by farmers for sale in city markets under milking marketing orders is priced according to a classified system. Milk which is used by the distributor in his fluid sales is paid for at the Class I price (the highest price).

The buyer agrees, however, to accept milk delivered by farmers with the understanding that he will pay for the excess a price which will permit him to dispose of it in the form of manufactured products without a loss.

Milk used to manufacture dairy products such as butter and cheese generally commands a lower price than milk for fluid sales.

Classified pricing systems similar to those developed by cooperatives are a part of all Federal milk orders. The orders are a means by which cooperatives and others can make such plans effective.

In some areas buyers refuse to bargain with producers or their representatives for prices and terms of sale.

Sometimes different producer groups supplying the same market fail to reconcile their different views about pricing. In order to gain a foothold in a market, one handler may cut its sale price below the market value. This move is usually followed by a reduction in price to all producers supplying the market.

Federal milk orders establish a system of minimum prices paid to producers which apply uniformly to all handlers who purchase milk for sale in the regulated market. The minimum prices are determined on the basis of supply and demand conditions in the market which have been described at a public hearing. Producers, handlers, and consumers may appear at these public hearings to present information about the milk market.

The Department of Agriculture examines this public hearing record and then determines the level of price which represents the value of milk in the particular market. If such producers approve the order, the price plan can be put into effect.

Regulates Handlers

A Federal milk order imposes no regulations on farmers. The order regulates the handlers who buy milk from farmers. A market administrator, who is a Federal employee, is named to obtain reports from handlers and to audit their books to determine whether payments are made according to the terms of the milk order.

H. L. Forest, Director
Dairy Division, AMS

"Bert" Newell's Letter

My son—you know he's in the Army over in Berlin—keeps us pretty well posted with his letters, but every now and then he throws me by putting in some Army jargon that is either entirely new, or I don't remember from my experience back in 1918. For example, in his last letter he said that during the week he had been "posting" on CQ and "pulled duty" to bring in a train. That was all there was to it, but it sure left me high and dry.

The next day I was telling my friend, the director of Marketing Information, about some of my troubles along that line. He said, "Well, you statisticians use a lot of words that sound funny. A fellow who isn't up on your lingo would be hard put to try to figure out what you are talking about. Now look here," he said, "does 'carburetor' sound like a high-falutin' foreign word to you? Course not. Just because you're used to it. There's one on your auto, another on your tractor, truck, and on all the other gasoline engines around the place.

"Now just stop and think a minute how many words you save with just that one word 'carburetor'. An Indian might have called it something like 'the-iron - box - through - which-runs-thunder-making-water.' When the auto was first invented, 'carburetor' probably sounded just as silly as some of the statistician's words do today. The big difference is, that millions of people own a carburetor and have worked with one."

Boy, do I agree with that. How many times I've pulled that thing off a Model T and found it half full of water, or the float soggy, or the needle valve stuck, and a Farmers' Club or Tobacco Growers' meeting waiting for me 14 miles down the road.

Well, to get back to this matter of words, I know statisticians have some funny ones. I'm reminded of it every now and then when I slip one into one of these letters. For example, some time back I used the word "error" in referring to a report. Well, sir, it never occurred to me that one word would kick up so much ruction. You see, we statisticians use this term "error" or "standard error" as a short cut way of stating the accuracy of an average. We don't mean that anybody has made a mistake, or the average is wrong.

Then there's another word that statisticians throw around quite freely—that's "bias." Now, that's a little tricky, because to a statistician it doesn't mean the same thing it does to most folks. If we say a certain report is biased, we don't mean to insult the reporter by saying he is prejudiced. We may simply mean that we are not getting reports from enough different kinds and sizes of farms to give us a good cross-section of all the whole area being sampled.

Of course, that's just one way in which figures can be biased, but by and large when we say a report is biased we mean it is not a good representative sample. And when that happens, it gives us trouble because we have to try to correct for the lack of representativeness in the sample, and that's not always easy.

And that's the main reason for bringing up this subject. It just points up how much we need to get reports regularly from every one of you, whether you're a big farmer, a middle-sized operator, or grow so little of certain crops or livestock that you think it's hardly worthwhile reporting. We need reports from all kinds to get a real cross-section. Thanks for helping.

Oh, yes, I found out that "posting" means assigning the guards to the trains. And "CQ" is duty at headquarters, and "pulling duty" is being assigned to a job.

S. R. Newell
Chairman, Crop Reporting Board, AMS

FEWER AND LARGER FARMS SHOWN IN LATEST SUMMARY OF CENSUS

Farms in the United States now number 4,782,000, according to the summary of the 1954 Census of Agriculture released recently by the U. S. Department of Commerce. This represents a decline of 600,000 since 1950. The number of farms declined from 1950 to 1954 in every State except Florida, and in all except 180 of the 3,067 counties in the United States. There are now fewer farms than at any time since 1890.

Desirable Adjustment

The general direction of change in farm size from 1950 to 1954 has been a continuation of a quarter century trend toward fewer and larger farms. In general, this change from 1950 to 1954 represents a rational and desirable adjustment on the part of farm people to: (1) Increased number and variety of nonfarm employment opportunities available in an expanding economy, (2) technological developments that enable a given labor force to handle an increased quantity of the other resources used in farming, and (3) technological developments that have increased yields per acre and per unit of livestock.

One of the most significant developments revealed by the preliminary census releases is the change in the numbers of farms by economic classes. The economic classification was used for the first time in the census of 1950 and continued in the census of 1954. Comparison of numbers of farms by economic class reported in the two censuses provides a basis for analyzing some of the fundamental changes that have taken place in farming in the last 5 years.

As shown in the accompanying table, farms are divided into two major categories—commercial and other. The commercial farms are those operated as business units for the primary purpose of providing the major source of income to the operator families. Commercial farms are divided into economic classes on the basis of the value of farm sales. Other farms include part-time and residential units on which farm sales are, for the most part, supplementary to income from nonfarm jobs and businesses.

Commercial farms have decreased by almost 400,000 since 1950. Most of this decrease was among the smaller size groups. Class V and VI farms—those with gross farms sales of less than $2,500—showed a combined decrease of 378,000. There were also decreases throughout the medium size ranges. The only economic classes which gained in number were the two largest, Class I (sales of $25,000 and over) and Class II (sales of $10,000 to $24,999).

Class I farms are characterized by large investments in land, buildings and machinery, a high degree of specialization, and considerable use of hired labor in their operation. They accounted for more than a fourth of the farm sales in 1950. The number of these farms has increased by about 30,000 since 1950, but they account for only 4 percent of the commercial farms.

Modest Size

In comparison with nonfarm business units, however, the majority of even these largest farms are of modest size. Comparable data for 1954 are not yet available, but in 1950 average gross sales per Class I farm were $56,000, and only 5 regular workers were hired per farm. These facts hardly portend "factories in the field."

The medium and large commercial family farms (Classes II, III, and IV) still comprise the bulk of commercial agriculture. In terms of numbers, their relative importance has increased from about half to nearly three-fifths of the commercial farms. Some growth in size among these farms as a group is indicated by the increases in the number of Class II and decreases

in the number of Class III and IV farms.

Opportunities

Class V and VI farms represent the small, low-production, low-income commercial farms and cropper units that have been disappearing so rapidly from American agriculture in recent years. The substantial decrease in the number of these farms is associated closely with recent growth and development in both farm and nonfarm sectors of the economy. All indications are that the adjustments which brought about the decline in the number of these small farms were made voluntarily in response to more attractive job opportunities outside of agriculture as well as opportunities for increasing the size of farm businesses.

The part-time and residential farms also decreased during the last 5 years, but still account for nearly a third of all farms. The actual decline in these farms, however, does not indicate a decrease in importance of nonfarm sources of employment and income to agriculture. The proportion of all farm operators working off-farm 100 or more days in 1954 was 28 percent as compared with only 24 percent in 1950. The proportion of farm families reporting that their nonfarm income was greater than sales from the farm also increased slightly. Some of these farms have increased their sales and thus were classified as commercial farms.

More Off-Farm Work

In the economic classification all farms with sales of as much as $1.200 are considered to be commercial, irrespective of off-farm employment or other income. It is apparent, however, that increasing numbers of the smaller commercial farms (with sales of $1,200 or more) are becoming highly dependent upon wages and salaries in nonfarm jobs and businesses.

Robert B. Glasgow and
J. V. McElveen
Production Economics Research Branch, ARS

Farms by Economic Class, United States, 1949 and 1954

Economic classification	Value of sales class limits	Number		Percentage	
		1949	1954	1949	1954
		Thousands	*Thousands*	*Percent*	*Percent*
All farms		5, 379	4, 782	100. 0	100. 0
Commercial farms	$250 and over [1]	3, 706	3, 327	68. 9	69. 6
Class I	$25,000 and over	103	134	1. 9	2. 8
Class II	$10,000–$24,999	381	449	7. 1	9. 4
Class III	$5,000–$9,999	721	707	13. 4	14. 8
Class IV	$2,500–$4,999	882	811	16. 4	16. 9
Class V	$1,200–$2,499	901	763	16. 8	16. 0
Class VI	$250–$1,199 [1]	717	462	13. 3	9. 7
Other farms		1, 673	1, 456	31. 1	30. 4
Part-time	$250–$1,199 [1]	639	575	11. 9	12. 0
Residential	Under $250	1, 029	879	19. 1	18. 3
Abnormal	[2]	4	3	. 1	. 1

[1] Farms with sales of $250 to $1,199 were classified as part-time if the operator worked off-farm as much as 100 days or other income of the operator family exceeded farm sales.

[2] Public and private institutional farms, experiment stations, etc.

What's The Price Spread Between What The Farmer Gets For Beef And What Consumers Pay For It?

What it costs to transform a slaughter steer into steaks, roasts, ground beef, stewing beef, and other products are subjects of lively interest to farmers and consumers.

The difference between what the farmer receives for U. S. Choice grade beef on the hoof and what the consumer pays for the meat has fluctuated widely during the 7 years 1949–55. And the spread has gradually widened; in 1955 it was about 5 cents per retail pound more than at the start of the period.

Marketing Margin

Those comparisons are based on the price of a pound of beef at retail and price of its equivalent weight of 2.16 pounds in the live animal. The difference between the price received by the livestock producer and the price paid by the consumer—the "marketing margin"—is the return to marketing agencies for their services.

Farm prices for U. S. Choice grade cattle declined $4.15 per 100 pounds between the first quarter of 1955 and the fourth quarter. At the same time, marketing margins increased about $2.50, which is about 60 percent of the price decline. Marketing margins widened at both the packer-wholesaler and retailer levels during this period.

The job of supplying beef every day of the year for 165 million consumers is the business of 3½ million farmers and ranchers and thousands of marketing agencies. Farmers and ranchers produce the beef. The marketing agencies provide the facilities and services required to move beef from the farms into the hands of consumers at the time and place and in the form they desire.

Some erratic month-to-month fluctuations in overall farm-to-retail margins for beef during the 7 years resulted from the failure of retail prices to adjust quickly to changes in cattle prices at the farm level. This was apparent during the sharp drop in cattle prices at the end of 1952 and during the partial recovery of prices during the third quarter of 1953. Such variations are not unusual.

Later, in 1954 and 1955, however, some longer time lags in adjustment of farm and retail prices had more pronounced effects on marketing margins. Retail prices remained relatively stable during the latter half of 1954 when farm prices of cattle were rising, and during 1955 when farm prices generally declined. Marketing margins therefore narrowed substantially below the long-run average in the latter half of 1954, but widened rather markedly in 1955 until they exceeded the high levels of 1953.

In this case, lags in changes of retail and wholesale prices behind changes in live cattle prices tended to increase the instability of farm prices of cattle. Both the upswing of cattle prices in the last half of 1954 and the downswing of 1955 were greater than they would have been had marketing margins not narrowed and widened successively during these periods.

Relationship

Fluctuations in dollar margins come about because cattle and beef prices do not maintain a fixed relationship to one another at any point in the marketing channel. But if margins widen or narrow over long periods it is a clear indication of changes either in marketing costs or profits. Higher marketing costs might be caused by the addition of consumer services in processing or merchandising food or by a rise in the price of the usual run of services. Some of the work now under way in the Department is designed to establish the relationship between changes in margins, costs, and services.

FARMER GETS 46 CENTS OF EACH RETAIL DOLLAR SPENT FOR DAIRY PRODUCTS

Dairymen are getting a larger share of the consumer's dollar than some other farmers. In 1955, dairymen got 46 cents of a dollar spent for dairy products as compared with the 41 cents of a dollar spent for a "market basket" of food.

Marketing Services Vary

The proportion of the retail price that goes to the farmer depends on how much processing and other marketing services are needed to get the finished product to the consumer. When the housewife bought a dollar's worth of butter in 1955, the farmer got 65 cents of it. He got 48 cents of a dollar spent for American processed cheese, 44 cents for evaporated milk, and 45 cents for fluid milk.

These dairy products are included along with many other foods in the "market basket." The market basket is made up of the average quantities of farm-produced foods bought by urban families in 1952.

The marketing margin is an estimate of the charges made for marketing the farmer's products. It goes to creameries, truckers, railroads, distributors, retailers, routemen and others—those who process raw milk and cream into a wide variety of dairy products and distribute them regularly to the consumer. It also covers the cost of pasteurization, protective packaging, refrigeration, and other services necessary to conserve the wholesomeness and quality of dairy products.

In 1947–49, the marketing margin for dairy products in the "market basket" was $77.49. In 1955 it was $98.26—more than a fourth higher. The retail cost increased 7.6 percent from 1947–49 to 1955 and the farm value went down 8.7 percent. Why did the marketing margin rise so much?

Labor is the most important cost element in dairy products marketing. For instance, labor costs make up nearly half of the expenses of processing and distributing milk. Between 1950 and 1955, average hourly earning in dairy products industries increased 48 percent.

Other costs of marketing dairy products are higher, too. Prices of containers, supplies, equipment, and other items have increased, although at a slower rate than wages.

But not all of the increase in prices and wage rates has been reflected in the marketing margin. Labor now is more productive because more and better equipment and better work methods are used. Also contributing to greater efficiency is the fact that an average plant now handles a larger volume of dairy products. Equipment can be operated nearer to capacity. Some marketing services have been reduced. For example, deliveries of fresh milk are less frequent. All of these developments have helped to reduce the impact of higher wage rates and prices of other items.

Consumers generally buy fresh milk in quart containers. Recently quantity discounts have become more common. More milk is sold in half gallons and gallons, and discounts are frequently given for buying more than a single quart at a time.

New Methods Studied

The practice of handling milk in bulk on the farm and from the farm to the plant is growing rapidly in some areas. Changes in equipment and plant design, such as continuous processes and automatic controls, and in methods of handling the product are being tried out. Research on new concentrated products and new packages is underway.

These are some of the reasons why the marketing of dairy products is likely to be more efficient in the future. However, wages and prices of most of the items marketing firms use have continued to increase in recent months. Therefore, the marketing margin is likely to increase slightly in 1956.

Robert E. Olson
Marketing Research Division, AMS

FARMERS' PRICES

Indexes (1910–14=100)	1955				1956	
	February	November	December	Year (average)	January	February
Prices received by farmers	244	225	223	237	226	226
Parity index (prices paid, interest, taxes, and wage rates)	283	279	278	281	281	280
Parity ratio	86	81	80	84	80	81

Farmer's share of consumer's food dollar

January 1956 ..... 39 percent
January 1955 ..... 42 percent

April

Feature position on USDA's April Plentiful Foods List will go to **pork and beef.**

The List is compiled monthly to designate foods in plentiful supply. Food tradesmen—wholesalers, retailers, and others—and food editors of press, radio, and television, who cooperate in the Plentiful Foods Program, key their merchandising and promotional efforts to the foods on the List.

While those foods in most serious marketing difficulty are featured on the List to assure special attention, the other foods named also receive merchandising help under the Program. Other plentifuls for April are:

Broilers and fryers, onions, grapefruit, canned and frozen cherries, dates, rice, milk and other dairy products, lard, potatoes, and peanut butter.

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